
LOAN NUMBERS 2547/2548(SF)-PAK

PROGRAM AGREEMENT

(Punjab Government Efficiency Improvement Program – Subprogram 2)

between

ASIAN DEVELOPMENT BANK

and

PROVINCE OF THE PUNJAB

DATED 17 SEPTEMBER 2009

PAG:PAK 41666

PROGRAM AGREEMENT

PROGRAM AGREEMENT dated 17 September 2009 between ASIAN DEVELOPMENT BANK ("ADB") and the PROVINCE OF THE PUNJAB ("Punjab").

WHEREAS

(A) by a loan agreement of even date herewith between the Islamic Republic of Pakistan ("Borrower") and ADB ("Ordinary Operations Loan Agreement"), ADB has agreed to make to the Borrower a loan of seventy-five million dollars (\$75,000,000) on the terms and conditions set forth in the Ordinary Operations Loan Agreement;

(B) by a loan agreement of even date herewith between the Borrower and ADB ("Special Operations Loan Agreement", and together with the Ordinary Operations Loan Agreements "Loan Agreements"), ADB has agreed to make to the Borrower a loan in various currencies equivalent to forty-eight million two hundred and ninety-eight thousand Special Drawing Rights (SDR48,298,000) on the terms and conditions set forth in the Special Operations Loan Agreement;

(C) ADB has agreed to make the loans only on the condition that the Rupee proceeds generated from the loans be made available by the Borrower to Punjab and that Punjab agrees to undertake certain obligations towards ADB as set forth in this Program Agreement; and

(D) Punjab, in consideration of ADB entering into the Loan Agreements with the Borrower, has agreed to undertake the obligations set forth in this Program Agreement;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Program Agreement, unless the context otherwise requires, the terms defined in the Special Operations Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) Punjab shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial and public management practices.

(b) In the carrying out of the Program, Punjab shall perform all obligations set forth in the Special Operations Loan Agreement to the extent that they are applicable to Punjab and in this Program Agreement.

Section 2.02. Punjab shall make available, promptly as needed, the funds, facilities, services and other resources which are required, in addition to the proceeds of the Loans, for the carrying out of the Program.

Section 2.03 Punjab shall maintain, or cause to be maintained, records and accounts adequate to identify the goods, services and other items of expenditure financed out of the Counterpart Funds, to disclose the use thereof under the Program, to record the progress of the Program (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.04. (a) ADB and Punjab shall cooperate fully to ensure that the purposes of the Loans are accomplished.

(b) Punjab shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under this Program Agreement or the accomplishment of the purposes of the Loans.

(c) ADB and Punjab shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program and the Loans.

Section 2.05. (a) Punjab shall furnish to ADB all such reports and information as ADB shall reasonably request concerning: (i) the Counterpart Funds and the use thereof; (ii) the Program; (iii) the administration, operations and financial condition of Punjab to the extent relevant to the Program; and (iv) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, Punjab shall furnish to ADB an annual report on its budget performance not later than 6 months after the conclusion of each Financial Year and semi-annual reports on the implementation of the Program during the Program period. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Program, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, Punjab shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Program, including its cost, the performance by Punjab of its obligations under this Program Agreement and the accomplishment of the purposes of the Loan.

Section 2.06. Punjab shall enable ADB's representatives to inspect the Program facilities and records and documents relating to the Program.

Section 2.07. Except as ADB may otherwise agree, Punjab shall apply the Counterpart Funds to the financing of expenditures on the Program in accordance with the provisions of the Loan Agreements and this Program Agreement, and ensure that all expenditures financed out of such Counterpart Funds are used exclusively in the carrying out of the Program.

ARTICLE III

Effective Date; Termination

Section 3.01. This Program Agreement shall come into force and effect on the date on which the Loan Agreements shall come into force and effect. ADB shall promptly notify Punjab of such date.

Section 3.02. All the provisions of this Program Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreements.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Program Agreement and any agreement between the parties contemplated by this Program Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2424.

For Punjab

Chairman
Planning and Development Board
Government of the Punjab
Civil Secretariat
Lahore, Pakistan

Facsimile Numbers:

(92-42) 921-2632
(92-42) 921-0182.

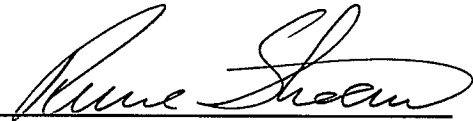
Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Program Agreement by or on behalf of Punjab may be taken or executed by its Governor or by such other person or persons as he shall so designate in writing notified to ADB.

(b) Punjab shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.

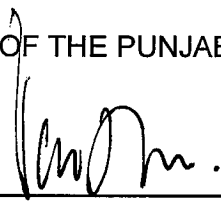
Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Program Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Program Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By 
RUNE STROEM
Country Director
Pakistan Resident Mission

PROVINCE OF THE PUNJAB

By 
RAB NAWAZ
Secretary
Planning and Development Department

SCHEDULE

Program Implementation and Other Matters

Program Implementation

1. Punjab shall appoint the Planning and Development Department as the Program Executing Agency to be responsible for the overall implementation of the Program. This includes coordinating the implementation of policy actions by relevant departments and agencies in Punjab.
2. The Planning and Development Department shall be guided by a high-level steering committee. The steering committee is supported by an executive committee which convenes at least twice a year. The Program Management Unit serves as the secretariat of the high-level steering committee and the executive committee.

Policy Actions and Dialogue

3. Punjab ensure that all policies adopted and actions taken under the Program, as set forth in the Policy Letter and the Policy Matrix, shall continue to be in effect for and beyond the duration of the Program.
4. Punjab shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall take into account ADB's views before finalizing and implementing any such proposal.

MTBF Implementation

5. Punjab shall provide 5 qualified technical staff designated for the implementation of the MTBF in the budget wing of the Finance Department by 30 November 2009.

Program Monitoring and Review

6. Punjab shall carry out review of the Program with the participation of ADB for the design of the third subprogram of the Program Cluster. The review shall take into account experiences from Program implementation and recommendations from ADB technical assistance.